

LUISS SCHOOL OF EUROPEAN POLITICAL ECONOMY

Newsletter - 07/2015
(No.11)

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Villa Emiliani



UPCOMING EVENTS

September 9, 2015 -
Pierpaolo Benigno: Non
neutralità di politiche
monetarie non
convenzionali

September 16, 2015 -
*Marco Felisati: Negoziati
TTIP, stato dell'arte e
prospettive*

September 17, 2015
- Capire la crisi. Le
conseguenze:
Frammentazione sociale,
rappresentanza e
sviluppo

September 22, 2015 -
*Padoa
Schioppa: Presentazione
Libro*

OPPORTUNITIES AT SEP

Visiting Fellowships at the LUISS School of European Political Economy

The LUISS School of European Political Economy invites applications for Senior and Junior Fellowships tenable in the academic year 2015-16 (September 2015 – June 2016). Requests for further information and applications should be sent to Ms. Mariagiulia Porcelli (mporcelli@luiss.it) by **September 30**.

MASTER'S PROGRAM

NEW: Master in European Economic Governance 2015/16 (MEEG)

Our program aims to provide economists or other social scientists with in-depth knowledge of European institutions. Its unique focus qualifies graduates for a range of jobs in public administration, related vocations at Brussels-based European institutions, and private firms operating in Europe. The final application deadline for this academic year is **August 21, 2015**. Further details are available on our [website](#), and can be requested from sep@luiss.it.

PUBLICATIONS

Working Papers

P. Esposito: Trade (dis)Integration and Imbalances in the EMU

The aim of this paper is to assess the role of competitiveness and financial integration on trade flows for countries belonging to the European Monetary Union (EMU). We use a gravity-type bilateral trade model in order to estimate the impact on both imports and exports, providing a more detailed explanation for the developments of total and net trade. The results indicate that both competitiveness and financial opening significantly increased trade imbalances, particularly within the EMU.

Policy Briefs

L. Codogno: Greece - Scenarios After the Vote

Following the 'no' vote in the Greek referendum, there is deep

PAST EVENTS

June 25, 2015 - *Capire la crisi. Le conseguenze: "Che fine hanno fatto i partiti," "Dimenticare la periferia," e "Un'Unione più forte."*

June 22, 2015
- *Reflections on the Euro*

June 18, 2015 - *Capire la crisi. Le conseguenze: "La disuguaglianza," "Un welfare così è ancora welfare," "Quale capitale sociale."*

June 18, 2015 -
"Trasparenza, digitalizzazione e anticorruzione"

June 3, 2015 - *Trade (dis)integration and imbalances in the EMU"*

uncertainty over what the possible scenarios are for Greece and for the Eurozone. The vote makes a deal between Greece and the creditors harder to achieve and increases the odds of Greece's exit from the Eurozone. Still, I believe that European leaders will do whatever it takes to prevent this latter event.

C. Bastasin: Greece, the Non-Obvious Lesson of a Crisis

In the crucial days at the beginning of July 2015, the Greek crisis has turned more political than ever. The victory of the NO at the Greek referendum on the European agreements has tightened the leeway for negotiation. On one hand, the outcome forbids Tsipras from compromising further. On the other hand, the European partners and institutions engaged in the negotiations seem to have lost patience with the Greek government.

Commentaries

S. Micossi: Only the European Parliament Can Construct a Political Union

In his 13 July editorial, Sergio Fabbrini commented on the results of the negotiations between Greece and leaders of the Eurozone, concluding that the Eurozone "not only does not function, but is on the verge of imploding." It doesn't work because intergovernmental systems cannot guarantee results, i.e. financial stability and growth. The framework implodes, Fabbrini sustains, because it lacks a constitutional treaty governing the relations between members and the resolution of disputes. The lack of this treaty makes possible the unthinkable—that one member state, Germany, can suggest at the Eurosummit the de facto expulsion of another member state

S. Micossi: It is Time to Relaunch Europe

To convince the Syriza government to accept measures to rebalance public finances and their economy, measures they had fought against ever since they took power, it took bank closures since June 29 and the clear perception that Greece was going to find itself outside the euro in a matter of days. At the time this commentary was written, the Greeks have managed to get the corrective measures prescribed by Eurozone leaders passed through parliament. The Bundestag has approved the new bailout plan. Assuming no more stumbling blocks emerge, one might hope that this phase of acute emergency will soon end. The markets have already celebrated.

C. Bastasin: Tsipras' Bold Move should be Praised by Europe

In the end, even in Greece, the euro crisis has resulted in a de facto change in government. As was the case in the past for Berlusconi, Zapatero, and Papandreou, crisis management forced Athens to change both its negotiating stance and its representatives at the table. This observation might seem counterintuitive considering the significant political boost Prime Minister Alexis Tsipras received after his victory in the referendum, but it becomes clearer once one considers what actually happened in Athens last week.

C. Bastasin: The Greek No is a Ruse of History

The Greek referendum can be interpreted as the genesis of a nationalist political contagion that will destroy the European dream, or as a ruse of history to revive the common project. It is the responsibility of European leaders, gathered today for the Eurosummit, to enhance its positive potential.

IN THE PRESS

July 30, 2015 - *Xinhua* news agency published an editorial on the current state of the Italian economy, quoting an interview SEP senior fellow **Carlo Bastasin**.

July 29, 2015 - *Il Sole 24 Ore* published an editorial by SEP senior fellow **Carlo Bastasin**, in which he argues for the creation of European institutions that can guarantee trust between governments, specifically an entity that can implement fiscal policy on an area-wide scale, under the direction of the European Parliament.

July 26, 2015 - *The Financial Times* published an interview with SEP Scientific Council member (and Italian Finance Minister) **Pier Carlo Padoan**, in which he asserts that a 'political union' is necessary to save the euro.

July 23, 2015 - *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Gianni Toniolo**, in which he discusses diverging narratives regarding public debt, throughout history and at present.

July 22, 2015 - *Corriere della Sera* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses five aspects of German politics one should keep in mind when analyzing Berlin's behavior during the Greek crisis.

July 22, 2015 - *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he discusses the different positions taken by Berlin, Paris, and Rome during the Greek bailout negotiations.

July 20, 2015 - German newspaper *Handelsblatt* published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the flaws of the monetary union, as well as how Greece could be "saved."

July 18, 2015 - SEP researcher Piero Esposito was interviewed by La 7 about the Transatlantic Trade and Investment Partnership (TTIP).

July 17, 2015 - Vox published a policy analysis by SEP Scientific Council Member **Stefano Micossi**. The paper discusses the effectiveness of the ECB's policies, and argues that the single currency-induced pro-cyclicality in the Eurozone periphery, the failure to adequately respond to the Lehman failure, and persistent deflation and depression convinced the ECB to adopt an expansionary

monetary stance.

July 17, 2015 - *Radio RAI 1* aired an interview with SEP Scientific Council member **Stefano Manzocchi**, in which he discusses the role of the United States and the IMF in pushing through the Greek bailout plan.

July 17, 2015 - *CEPS* published an editorial by SEP senior fellow **Daniel Gros**, in which he discusses the diverging narratives in Europe when it came to the causes of the Greek crisis.

July 16, 2015 - *SKY TG 4* aired an interview with SEP Director **Marcello Messori**, in which he discusses the sustainability of Greek debt.

July 16, 2015 - *TG1* aired an interview with SEP Senior Fellow **Jean-Paul Fitoussi**, in which he discusses that approval of the bailout plan for Greece.

July 16, 2015 - *La Stampa* published an editorial by SEP Senior Fellow **Franco Bruni**, in which he comments on the fragility of the bailout agreement negotiated this Sunday between Greece and other members of the Eurozone.

July 15, 2015 - *SKY TG 24* aired an interview with SEP Senior Fellow **Lorenzo Bini Smaghi**, in which he discusses the Greek bailout plan, debt relief, and bank recapitalization.

July 15, 2015 - *Il Sole 24 Ore* published an editorial by SEP Scientific Council member **Stefano Micossi**, in which he discusses recent developments with respect to the Greek crisis, as well as suggests the European Parliament as a vessel for the kind of institutional reforms necessary to create a true political union.

July 14, 2015 - *TGCOM24* aired an interview of SEP researcher **Paolo Canofari**, in which he discusses the Greek crisis and the terms handed to Prime Minister Tsipras by the Eurogroup.

July 14, 2015 - SEP Director **Marcello Messori** was quoted in an analysis piece by *Xinhua News*. Talking about the deal struck between Athens and European leaders this past weekend, he states: "It is good news an agreement was reached with Greece, but it was reached via the most difficult path imaginable [...] Because of that, the atmosphere of trust in Europe has been damaged."

July 14, 2015 - *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he points out one of the long-term side-effects of recent negotiations—the seeding of the idea that membership in the Eurozone is reversible.

July 14, 2015 - *RAI Radio 3* interviewed SEP Scientific Council member **Stefano Manzocchi**, who discussed the agreement reached this weekend between Alexis Tsipras and EU partners.

July 13, 2015 - *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he examines the Greek crisis through

the lens of Franco-German relations.

July 13, 2015 - *La Repubblica* published an editorial by SEP Scientific Council member **Stefano Micossi**, in which he argues for deeper economic integration in the EU.

July 13, 2015 - *La Repubblica* published an interview with SEP Senior Fellow **Daniel Gros**, in which he voices his disapproval of Wolfgang Schaeuble's proposal for a 5 year temporary Grexit.

July 10, 2015 - *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he documents the rise and fall of Greek and Italian negotiators over the years, and analyzes the resignation of Greek finance minister Yanis Varoufakis through the lens of internal politics and games at the negotiating table.

July 10, 2015 - *Il Fatto Quotidiano* published an interview with SEP Senior Fellow **Fabrizio Saccomani**, where he argues that Athens is finally showing its willingness to embrace a plan that would put the country on a path of sustainable growth, which includes a rebalancing of hardships from a social standpoint.

July 9, 2015 - *Project Syndicate* published an opinion piece by SEP Senior Fellow **Daniel Gros**, in which he evaluates the narrative of the Greek Crisis from both sides—the Greek accusation that austerity came with a loan that only served to bail out German and French Banks, and the creditors' view that they had saved a "profligate country from bankruptcy."

July 9, 2015 - SEP Senior Fellow **Fabrizio Saccomanni** was quoted in *Panorama's* article, "300 miliardi di buoni motivi per fare la bad bank," in which he recalls his tenure in the Ministry of Finance and Economy in 2013, during the government of Pres. Letta.

July 7, 2015 - *The Financial Times* blog published an editorial by SEP Senior Fellow **Lorenzo Bini Smaghi**, which focuses on the implications to the ECB of the Greek referendum results.

July 7, 2015 - *Il Sole 24 Ore* published an interview with SEP Senior Fellow **Fabrizio Saccomanni**, in which he discusses his response to the results of the Greek referendum, and states that he is reasonably certain that a Grexit will not happen.

July 7, 2015 - *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, in which he muses over the true meaning of the Greek referendum results.

July 7, 2015 - *Avvenire* published an in interview of SEP Senior Fellow **Jean-Paul Fitoussi**, where he discusses the outcome of the Greek referendum.

July 7, 2015 - SEP Senior Fellow **Daniel Gros** was interviewed by *Corriere della Sera*, in which he assesses the cost of a Grexit, and compares it to the recent economic crisis in Argentina.

July 7, 2015 - *Radio Uno* aired an interview with SEP Director

Marcello Messori, where he answers questions about the Greek crisis.

July 6, 2015 - *Rai News 24* aired an interview with SEP Senior Fellow **Fabrizio Saccomanni**, in which he discusses the possibility of Europe reaching a last-minute agreement with Greece.

July 6, 2015 - *Newsweek* published an editorial by SEP Senior Fellow **Carlo Bastasin**, where he explains the sticking points in Greco-European negotiations, namely Athens' proposal to levy heavier taxes on higher-income earners, along with their refusal to raise the age of retirement or cut pensions to the wealthy.

July 5, 2015 - *Il Sole 24 Ore* published an editorial by SEP Senior Fellow **Carlo Bastasin**, where he discusses the Greek referendum and tries to explain recent actions by both Athens and Brussels.

July 3, 2015 - SEP Director **M Messori** was quoted in *Quotidiano Nazionale* article, which focused on what the cost to Italy of a "No" in the Greek referendum might be.

July 3, 2015 - *Avvenire* published an interview with SEP Senior Fellow **F. Saccomanni**, where he discounts the idea of a contagion.

July 2, 2015 - *Radio Rai 3* interviewed SEP Scientific Council member **S. Manzocchi** about the Greek crisis.

June 30, 2015 - *AffarInternazionali* published an editorial by SEP Senior fellow **F. Saccomanni**, where he criticizes the Five Presidents Report released by the European Commission.

June 28, 2015 - *The Financial Times* blog published an editorial by SEP Senior Fellow **L. Bini Smaghi**, where he argues that the ECB's recent press release refusing to raise the ceiling on ELA to Greece sent clear messages to financial markets and European political authorities that the bank is determined to use all available instruments to ensure its mandate.

June 18, 2015 - SEP Senior Fellow **D. Gros** published a policy brief contrasting the June 2015 defaults in Greece and Puerto Rico. He asserts that the Greek situation is politically charged, with the government and people viewing repayment terms as an "attack" by foreign powers, due to the fact that their debt is held by official institutions.

